Price manipulation in the Scrips of BPL, Sterlite and Videocon International

997.SHRI GURUDAS DASGUPTA: SHRI J. CHITHARANJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the alleged price manipulation in the scrips of BPL, Sterlite and Videocon International by a set of seven front companies and 18 main broker under Mumbai Stock Exchange; and

(b) if so, the details thereof and action taken, if any, against these companies and brokers?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes, Sir.

(b) Investigations were carried out by the Securities and Exchange Board of India (SEBI) into all alleged price manipulations in the scrips of BPL, Videocon International and Sterlite Industries. Investigations have prima facie revealed that a set of brokers, acting in concert on behalf of a common set of clients comprising mainly seven companies, cornered a very large chunk of these shares both on BSE and NSE and appeared to have manipulated the prices of these scrips. Enquiry proceedings under the SEBI Regulations have been initiated against 23 brokers of BSE and 11 brokers of NSE who were found to have been involved, while action against the front companies will be taken on examination of further aspects. However, taking into consideration the gravity and the extent of the involvement of some of the brokers, SEBI has prohibited 18 brokers (12 of BSE and 6 of NSE) from undertaking fresh activities of broking till completion of enquiry proceedings and further orders thereon.

Loans given by Nationalised Banks

998. SHRI S. VIDUTHALAI VIRUMBI: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to news item which appeared in "The Economic Times" on 4th November, 1998 under the caption "current yield" which highlights that "Banks are evergreening their sticky loans by extending fresh loans to meet interest payment of old dues, thereby keeping these sticky loans outside the definition of NPA's;

(b) if so, what action have been taken or are proposed to be taken to descipline the errant officials; and

(c) whether Government would ask RBI to issue necessary instructions to Nationalised Banks to stop this type of practice?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): (a) to (c) Instructions of the Reserve Bank of India (RBI) provide for asset classification on the basis of objective criteria of record of recoved. There have, however, been instances noticed during the course of on-site inspections of banks by RBI, where classifications have not conformed to instructions and assets have not been classified as NPAs. On the basis of findings in the course of on-site inspections, banks are instructed to reclassify such loans as NPA and to make adequate provisions as well as reverse any interest taken as income thereon.

Consensus on opening up of Insurance Sector

999. SHRI E. BALANANDAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government consider it necessary to create a consensus in favour of insurance sector as well as other service areas; and

(b) if so, the details of the efforts made so far in that direction?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): (a) and (b) The reforms in the insurance sector were widely debated by various forums from time to time with representatives of managements of public sector insurance companies and their trade unions; consumer interest groups, chambers of commerce and industry; academics etc. The scope of the reforms was further discussed by the Standing Committee on Finance with all concerned at the time of taking a view on the Insurance Regulatory Authority Bill, 1996. Since the matter has already been comprehensively considered by all concerned, the Finance Minister in his 1998-99 Budget speech announced that the insurance sector would be opened to competition from private Indian companies and the Insurance Regulatory Authority would be converted into a statutory body. Necessary legislation in the matter will be introduced shortly.

Deposits made by Public/Private Sector Banks in Punjab

1000. SARDAR GURCHARAN SINGH TOHRA: Will the Minister of FINANCE be pleased to state the deposits made with various public/private sector banks in Punjab during the last three financial years and the credits/ advances made for the development in Punjab during the corresponding period?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): The aggregate deposits and gross bank credit of all Scheduled Commercial Banks including public/private sector banks and Regional Rural Banks as furnished by Reserve Bank of India, during the last three years in Punjab are given below:

(Rs. in crore)

As at the end of	Deposits	Credit
March 1996	20075.45	8406.90
March 1997	23042.76	9015.06
March 1998	27517.61	10628.23

Letter of Credit Fraud in SBI

1001. SHRI AMAR SINGH: Will the Minister of FINANCE be pleased to state:

(a) what are the names of the officials identified who have connived with the Madhumita Group of Industries and cheated the S.B.I. in the letter of credit fraud and what action has been taken against each;

(b) how much funds have been locked up in the scam; and

(c) whether similar fraud have taken place in other branches of SBI and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): (a) Investigations conducted by State Bank of India (SBI) have resulted in identification of one Chief Manager, one Manager, two erstwhile Managers, one Accountant, one Field Officer, one Passing Officer and one System Administrator, all of Baghbazar branch who appear to have connived with the Group in commission of the fraud. All the above officials have been placed under suspension pending framing of charges against them. Central Bureau of Investigation have also registered a case in the matter.

(b) An amount of Rupees 112 crores (approx.) is involved in the fraud.

(c) Investigation has revealed that the Group had dealing with seven other